

Presented to the governor May 11, 2000

Signed by the governor May 15, 2000, 10:42 a.m.

### CHAPTER 477—H.F.No. 3312

*An act relating to agriculture; changing the scope of the value-added agricultural product processing and marketing grant program; establishing a certification pilot program; including bison in certain definitions of livestock; changing meeting provisions and duties of the board of grain standards; expanding a grants-in-aid program; changing certain fees; making technical changes to pesticide and fertilizer laws; changing certain reimbursement payments; changing seed testing provisions; providing for delegation of certain duties; clarifying the scope of certain regulation of wholesale produce dealers; updating certain food standards; simplifying certain language; providing for uniformity in meat and poultry inspection; changing certain reporting requirements; increasing the amount of livestock dealer bonds; changing rural finance authority loan provisions; clarifying status of certain grain buying transactions; changing certain grain storage provisions; changing the corporate and partnership farming law; providing alternative seed potato regulation in Clearwater county; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.03, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18.023, subdivision 3a; 18C.005, subdivision 34, and by adding subdivisions; 18C.201, by adding subdivisions; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 18D.331, by adding a subdivision; 18E.04, subdivision 4; 21.86, subdivision 1; 27.01, subdivision 8; 27.19, subdivision 1; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; 31A.17; 31B.02, subdivision 4; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 223.16, subdivision 5; 223.17, subdivision 5; 223.175; 232.21, by adding a subdivision; 232.23, subdivisions 1, 3, and 6; 500.24, subdivisions 3a, 3b, 4, and 5; and 500.245, subdivision 2; Minnesota Statutes 1999 Supplement, sections 17B.15, subdivision 1; 28A.075; 31A.01; 31A.15, subdivision 1; 31B.07, subdivision 3; 500.24, subdivisions 2 and 3; and 500.245, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1998, section 17.101, subdivision 5, is amended to read:

**Subd. 5. VALUE-ADDED AGRICULTURAL PRODUCT PROCESSING AND MARKETING GRANT PROGRAM.** (a) For purposes of this section:

(1) "agricultural commodity" means a material produced for use in or as food, feed, seed, or fiber and includes crops for fiber, food, oilseeds, seeds, livestock, livestock products, dairy, dairy products, poultry, poultry products, and other products or by-products of the farm produced for the same or similar use, except ethanol; and

New language is indicated by underline, deletions by ~~strikeout~~.

(2) "agricultural product processing facility" means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or production of marketable products from agricultural commodities produced in Minnesota.

(b) The commissioner shall establish and implement a value-added agricultural product processing and marketing grant program to help farmers finance new cooperatives that organize for the purposes of operating agricultural product processing facilities and for marketing activities related to the sale and distribution of processed agricultural products.

(c) To be eligible for this program a grantee must:

(1) be a cooperative organized under chapter 308A;

(2) certify that all of the control and equity in the cooperative is from farmers as defined in section 500.24, subdivision 2, who are actively engaged in agricultural commodity production;

(3) be operated primarily for the processing of agricultural commodities produced in Minnesota;

(4) receive agricultural commodities produced primarily by shareholders or members of the cooperative; and

(5) have no direct or indirect involvement in the production of agricultural commodities.

(d) The commissioner may receive applications from and make grants up to \$50,000 for feasibility, marketing analysis, assistance with organizational development, financing and managing new cooperatives, product development, development of business and marketing plans, and predesign of facilities including site analysis, development of bid specifications, preliminary blueprints and schematics, and completion of purchase agreements and other necessary legal documents to eligible cooperatives. The commissioner shall give priority to applicants who use the grants for planning costs related to an application for financial assistance from the United States Department of Agriculture, Rural Business - Cooperative Service.

#### Sec. 2. [17.1025] MINNESOTA CERTIFICATION PROGRAM.

In cooperation with the University of Minnesota, the department of trade and economic development, and the board of animal health, the commissioner shall establish a pilot program to certify agricultural production methods and agricultural products grown or processed within the state to assure the integrity of claims made by participating businesses. The commissioner may select and cooperate with private organizations that have established procedures and safeguards to justify claimed characteristics of the production process or the final certified product to conduct certification activities for third party producers.

The commissioner may establish guidelines for the certification program, which are not subject to chapter 14. The commissioner shall submit a report on the pilot

New language is indicated by underline, deletions by ~~strikeout~~.

program to the legislature by February 1, 2001.

Sec. 3. Minnesota Statutes 1998, section 17A.03, subdivision 5, is amended to read:

Subd. 5. **LIVESTOCK.** "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, bison (buffalo), and goats.

Sec. 4. Minnesota Statutes 1998, section 17A.05, subdivision 2, is amended to read:

Subd. 2. **LIVESTOCK DEALERS.** The amount of each livestock dealer bond filed with the commissioner shall be not less than ~~\$5,000~~ \$10,000 or such larger amount as required, based on the commissioner's consideration of the principal's financial statement, the volume of business reported, or any other factor the commissioner deems pertinent for the protection of the public. Each such bond shall contain the condition clause applicable when the principal buys on commission or as a dealer. A livestock dealer's bond shall be executed on a form furnished by the commissioner or in accordance with the Packers and Stockyards Act, 1921, as amended, (United States Code, title 7, section 181 et seq.).

When a bond is executed on a state form furnished by the commissioner, the bond shall be for the protection of both the buyer and the seller named in the transaction when the principal fails to pay when due for livestock purchased or sold for the principal's own account or the account of others and shall be limited to the protection of claimants whose residence or principal place of livestock business is in the state of Minnesota at the time of the transaction. If the bond is filed on a form in accordance with the Packers and Stockyards Act, the bond shall cover claimants regardless of place of residence.

Sec. 5. Minnesota Statutes 1998, section 17B.07, is amended to read:

**17B.07 OFFICIAL TITLE OF BOARD; MEETINGS.**

The official title of the board shall be "The Minnesota board of grain standards" and it shall have jurisdiction over all grain appeal cases brought before it.

The board shall meet ~~annually on or before June 15,~~ as needed and shall establish the grades of all grain subject to state inspection which shall be known as the "Minnesota grades," and all grain received at any public warehouse shall be graded accordingly. Such grades shall not be changed ~~before the next annual meeting~~ without the concurrence of at least two members of the board. At the time of establishing Minnesota grades, the board also shall adopt such rules, in accordance with the Administrative Procedure Act, as it deems necessary for the enforcement of this section and section 17B.06. In establishing the grades, in addition to the physical qualities of the grain, there shall be taken into consideration the milling and bread-producing quality of all grain products used as human food. The board shall determine the grade, and dockage, if any, of all grain in all cases where appeals from the decisions of the

New language is indicated by underline, deletions by ~~strikeout~~.

chief inspector have been taken and for such purpose they may request fresh samples of such grain to be furnished directly to the board. Dockage shall be considered as being of two classes; first, that having value and second, that having no value. At the annual meeting the board shall ascertain and determine what dockage contained in grain is of value and publish a list thereof in connection with the publication of the Minnesota grades. Any foreign content of the grain shall not be considered in establishing the grade. Whenever grain containing dockage of value is sold to any public local warehouse or mill, terminal warehouse, or to any flour mill located in St. Paul, Minneapolis, or Duluth, or any other point within the state, which is now or may hereafter be designated as a terminal point, such sale shall not be considered to include such dockage of value, but such dockage shall be paid for at its market value or shall be returned to the vendor of said grain at the option of the vendee.

Sec. 6. Minnesota Statutes 1998, section 17B.12, is amended to read:

**17B.12 APPEALS; PROCEDURE.**

Any owner, consignee, or shipper of grain, or any warehouse operator, who is dissatisfied with the inspection of grain may appeal to the board of grain standards by filing a notice of such appeal with the commissioner and paying a fee, to be fixed by the commissioner; ~~which shall be refunded if the appeal is sustained.~~ The commissioner shall ~~forthwith~~ promptly transmit the notice to ~~said~~ the board of grain standards. The decision of ~~said~~ the board, fixing the grade of ~~such~~ the grains shall be is final.

Sec. 7. Minnesota Statutes 1999 Supplement, section 17B.15, subdivision 1, is amended to read:

Subdivision 1. **ADMINISTRATION; APPROPRIATION.** The fees for inspection and weighing shall be fixed by the commissioner and be a lien upon the grain. The commissioner shall set fees for all inspection and weighing in an amount adequate to pay the expenses of carrying out and enforcing the purposes of sections 17B.01 to 17B.23, including the portion of general support costs and statewide indirect costs of the agency attributable to that function, with a reserve sufficient for up to six months. The commissioner shall review the fee schedule twice each year. Fee adjustments are not subject to chapter 14. Payment shall be required for services rendered. ~~If the grain is in transit, the fees shall be paid by the carrier and treated as advance charges, and, if received for storage, the fees shall be paid by the warehouse operator, and added to the storage charges.~~

All fees collected and all fines and penalties for violation of any provision of this chapter shall be deposited in the grain inspection and weighing account, which is created in the agricultural fund for carrying out the purpose of sections 17B.01 to 17B.23. The money in the account, including interest earned on the account, is annually appropriated to the commissioner of agriculture to administer the provisions of sections 17B.01 to 17B.23. When money from any other account is used to administer sections 17B.01 to 17B.23, the commissioner shall notify the chairs of the agriculture, environment and natural resources finance, and ways and means committees of the house of representatives; the agriculture and rural development and finance

New language is indicated by underline, deletions by ~~strikeout~~.

committees of the senate; and the finance division of the environment and natural resources committee of the senate.

Sec. 8. Minnesota Statutes 1998, section 18.023, subdivision 3a, is amended to read:

Subd. 3a. **GRANTS TO MUNICIPALITIES.** (a) The commissioner may, in the name of the state and within the limit of appropriations provided, make grants-in-aid to a municipality with an approved disease control program for the partial funding of municipal sanitation and reforestation programs to replace trees lost to disease or natural disaster. The commissioner may make grants-in-aid to any home rule charter or statutory city, or any special purpose park and recreation board organized under a charter of a city of the first class or any nonprofit corporation serving a city of the first class or any county having an approved disease control program for the acquisition or implementation of a wood utilization or disposal system.

(b) The commissioner shall promulgate rules for the administration of grants authorized by this subdivision. The rules shall establish and contain as a minimum:

- (1) Procedures for grant applications;
- (2) Conditions and procedures for the administration of grants;
- (3) Criteria of eligibility for grants including, but not limited to, those specified in this subdivision; and
- (4) Other matters the commissioner may find necessary to the proper administration of the grant program.

(c) Grants-in-aid payments for wood utilization and disposal systems made by the commissioner pursuant to this subdivision shall not exceed 50 percent of the total cost of the system. Grants for sanitation and reforestation shall be combined into one grant program. Grants to any municipality for sanitation shall not exceed 50 percent of sanitation costs approved by the commissioner including any amount of sanitation costs paid by special assessments, ad valorem taxes, federal grants or other funds. A municipality shall not specially assess a property owner any amount greater than the amount of the tree's sanitation cost minus the amount of the tree's sanitation cost reimbursed by the commissioner. Grants to municipalities for reforestation shall not exceed 50 percent of the cost, but not more than \$50 per tree, of trees planted pursuant to the reforestation program; provided that a reforestation grant to any county may include 90 percent of the cost, but not more than \$60 per tree, of the first 50 trees planted on public property in a town not described in subdivision 1 and of less than 1,000 population upon the town's application to the county. Reforestation grants to towns and home rule charter or statutory cities as described in subdivision 1 of less than 4,000 population with an approved disease control program may include 90 percent of the cost, but not more than \$60 per tree, of the first 50 trees planted on public property with the approval of the 1979 application. The governing body of any municipality which receives a reforestation grant pursuant to this section shall appoint up to seven residents of the municipality or designate an existing municipal board or committee to serve as a reforestation advisory committee to advise the governing body

New language is indicated by underline, deletions by ~~strikeout~~.

of the municipality in the administration of the reforestation program. For the purpose of this subdivision, "cost" shall not include the value of a gift or dedication of trees required by a municipal ordinance but shall include documented "in kind" services or voluntary work for municipalities with a population of less than 1,000 according to the most recent federal census.

(d) Based upon estimates submitted by the municipality to the commissioner, which shall state the estimated costs of sanitation and reforestation in the succeeding quarter under an approved program, the commissioner shall direct quarterly advance payments to be made by the state to the municipality commencing April 1, 1979. The commissioner shall direct adjustment of any overestimate in a succeeding quarter. A municipality may elect to receive the proceeds of its sanitation and reforestation grants on a periodic cost reimbursement basis.

(e) A home rule charter or statutory city, or county outside the metropolitan area or any municipality, as defined in subdivision 1, may submit an application for a grant authorized by this subdivision concurrently with its request for approval of a disease control program.

Sec. 9. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 1a. ANHYDROUS AMMONIA. "Anhydrous ammonia" means a compound formed by the chemical combination of the elements nitrogen and hydrogen in the molar proportion of one part nitrogen to three parts hydrogen. This relationship is shown by the chemical formula, NH[0013]3[0011]. On a weight basis, the ratio is 14 parts nitrogen to three parts hydrogen or approximately 82 percent nitrogen to 18 percent hydrogen. Anhydrous ammonia may exist in either a gaseous or a liquid state.

Sec. 10. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 7a. CUSTOM BLEND FERTILIZER. "Custom blend fertilizer" means a fertilizer blended according to the specifications that are furnished to a distributor by a consumer prior to blending.

Sec. 11. Minnesota Statutes 1998, section 18C.005, subdivision 34, is amended to read:

Subd. 34. SPECIALTY FERTILIZER. "Specialty fertilizer" means a fertilizer labeled and distributed for, but not limited to, the following uses: greenhouses, nurseries, home gardens, house plants, lawn fertilizer that is not custom applied, shrubs, golf courses, municipal parks, and cemeteries.

Sec. 12. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 35a. TAMPER. "Tamper" means action taken by a person not authorized to take that action by law or by the owner or authorized custodian of an anhydrous ammonia container or of equipment where anhydrous ammonia is used, stored, distributed, or transported.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 13. Minnesota Statutes 1998, section 18C.201, is amended by adding a subdivision to read:

**Subd. 6. ANHYDROUS AMMONIA.** (a) A person may not:

(1) place, have placed, or possess anhydrous ammonia in a container that is not designed, constructed, maintained, and authorized to contain or transport anhydrous ammonia;

(2) transport anhydrous ammonia in a container that is not designed, constructed, maintained, and authorized to transport anhydrous ammonia;

(3) use, deliver, receive, sell, or transport a container designed and constructed to contain anhydrous ammonia without the express consent of the owner or authorized custodian of the container; or

(4) tamper with any equipment or facility used to contain, store, or transport anhydrous ammonia.

(b) For the purposes of this subdivision, containers designed and constructed for the storage and transport of anhydrous ammonia are described in rules adopted under section 18C.121, subdivision 1, or in Code of Federal Regulations, title 49.

Sec. 14. Minnesota Statutes 1998, section 18C.201, is amended by adding a subdivision to read:

**Subd. 7. NO CAUSE OF ACTION.** (a) Except as provided in paragraph (b), a person tampering with anhydrous ammonia containers or equipment under subdivision 6 shall have no cause of action for damages arising out of the tampering against (1) the owner or lawful custodian of the container or equipment; (2) a person responsible for the installation or maintenance of the container or equipment; or (3) a person lawfully selling or offering for sale the anhydrous ammonia.

(b) Paragraph (a) does not apply to a cause of action against a person who unlawfully obtained the anhydrous ammonia or anhydrous ammonia container or who possesses the anhydrous ammonia or anhydrous ammonia container for any unlawful purpose.

Sec. 15. Minnesota Statutes 1998, section 18C.215, subdivision 1, is amended to read:

Subdivision 1. **PACKAGED FERTILIZERS.** (a) A person may not sell or distribute specialty fertilizer in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the following information:

(1) the net weight;

(2) the brand and grade, except the grade is not required if primary nutrients are not claimed;

(3) the guaranteed analysis;

New language is indicated by underline, deletions by ~~strikeout~~.

(4) the name and address of the guarantor;

(5) directions for use, except directions for use are not required for custom blend specialty fertilizers; and

(6) a derivatives statement.

(b) A person may not sell or distribute fertilizer for agricultural purposes in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the information listed in paragraph (a), clauses (1) to (4), except:

(1) the grade is not required if primary nutrients are not claimed; and

(2) the grade on the label is optional if the fertilizer is used only for agricultural purposes and the guaranteed analysis statement is shown in the complete form as in section 18C.211.

(c) The labeled information must appear:

(1) on the front or back side of the container;

(2) on the upper one-third of the side of the container;

(3) on the upper end of the container; or

(4) printed on a tag affixed to the upper end of the container.

(d) If a person sells a custom blend specialty fertilizer in bags or other containers, the information required in paragraph (a) must either be affixed to the bag or container as required in paragraph (c) or be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 16. Minnesota Statutes 1998, section 18C.215, subdivision 2, is amended to read:

Subd. 2. **BLENDED, MIXED, BULK, AND CUSTOM APPLIED FERTILIZER.** (a) A distributor who blends or mixes fertilizer or distributes fertilizer, for agricultural use, in bulk, must furnish each purchaser with an invoice or delivery ticket in written or printed form showing:

(1) the net weight and guaranteed analysis of each of the materials used in the mixture and the name and address of the guarantor; or

(2) the net weight and guaranteed analysis of the final mixture and the name and address of the guarantor.

(b) A person may not custom apply specialty fertilizer in this state unless a label, invoice, or delivery ticket is given to each purchaser stating in a clear, legible, and conspicuous form the following information:

(1) the net weight, which may be listed as the total net weight applied or the net weight applied per unit treated;

(2) the guaranteed analysis;

New language is indicated by underline, deletions by ~~strikeout~~.

- (3) the name and address of the guarantor;
  - (4) the number of units treated in square feet, acres, or another unit of measure;
- and
- (5) a derivative statement.
- (c) Copies of invoices or delivery tickets must be kept for five years after the sale, delivery, or application.

Sec. 17. Minnesota Statutes 1998, section 18C.215, is amended by adding a subdivision to read:

Subd. 2a. INFORMATION TO CUSTOMER. If a person sells a custom blend specialty fertilizer in bulk, the information required in subdivision 1, paragraph (a), must be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 18. Minnesota Statutes 1998, section 18C.411, subdivision 1, is amended to read:

Subdivision 1. **REGISTRATION REQUIRED.** (a) A person may not sell brands or grades of specialty fertilizers, soil amendments, or plant amendments in this state unless they are registered with the commissioner.

(b) Registration of the materials is not a warranty by the commissioner or the state.

(c) Specialty fertilizers custom applied are exempt from the registration requirements of this section.

(d) Custom blend specialty fertilizers are exempt from the registration requirements of this section if the distributor is licensed as required by section 18C.415 and the fertilizer is labeled as required by section 18C.215.

Sec. 19. Minnesota Statutes 1998, section 18C.421, subdivision 1, is amended to read:

Subdivision 1. **SEMIANNUAL STATEMENT.** (a) Each licensed distributor of fertilizer and each registrant of a specialty fertilizer, soil amendment, or plant amendment must file a semiannual statement for the periods ending December 31 and June 30 with the commissioner on forms furnished by the commissioner stating the number of net tons and grade of each raw fertilizer material distributed or the number of net tons of each brand or grade of fertilizer, soil amendment, or plant amendment distributed in this state during the reporting period.

(b) Tonnage reports are not required to be filed with the commissioner from licensees who distributed fertilizer solely by custom application.

(c) A report from a licensee who sells to an ultimate consumer must be accompanied by records or invoice copies indicating the name of the distributor who paid the inspection fee, the net tons received, and the grade or brand name of the products received.

New language is indicated by underline, deletions by ~~strikeout~~.

(e) (d) The report is due on or before the last day of the month following the close of each reporting period of each calendar year.

(d) (e) The inspection fee at the rate stated in section 18C.425, subdivision 6, must accompany the statement.

Sec. 20. Minnesota Statutes 1998, section 18D.201, subdivision 3, is amended to read:

Subd. 3. **INSPECTION REQUESTS BY OTHERS.** (a) A person who believes that a violation of this chapter has occurred may request an inspection by giving notice to the commissioner of the violation. The notice must be in writing, state with reasonable particularity the grounds for the notice, and be signed by the person making the request. If the pesticide application is alleged to have damaged a crop or vegetation, the request for inspection must be submitted within 45 days of the date of the pesticide application.

(b) If after receiving a notice of violation the commissioner reasonably believes that a violation has occurred, the commissioner shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if a violation has occurred.

(c) An inspection conducted pursuant to a notice under this subdivision may cover an entire site and is not limited to the portion of the site specified in the notice. If the commissioner determines that reasonable grounds to believe that a violation occurred do not exist, the commissioner must notify the person making the request in writing of the determination.

Sec. 21. Minnesota Statutes 1998, section 18D.331, is amended by adding a subdivision to read:

Subd. 5. **ANHYDROUS AMMONIA CONTAINMENT, TAMPERING, THEFT, TRANSPORT.** A person who knowingly violates section 18C.201, subdivision 6, is guilty of a felony and may be sentenced to imprisonment for not more than five years, or to payment of a fine of not more than \$50,000, or both.

Sec. 22. Minnesota Statutes 1998, section 18E.04, subdivision 4, is amended to read:

Subd. 4. **REIMBURSEMENT PAYMENTS.** (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for:

(1) 90 percent of the total reasonable and necessary corrective action costs greater than \$1,000 and less than or equal to \$100,000; and

(2) 100 percent of the total reasonable and necessary corrective action costs greater than \$100,000 but less than or equal to \$200,000;

(3) 80 percent of the total reasonable and necessary corrective action costs greater than \$200,000 but less than or equal to \$300,000; and

New language is indicated by underline, deletions by ~~strikeout~~.

(4) 60 percent of the total reasonable and necessary corrective action costs greater than \$300,000 but less than or equal to \$350,000.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

(1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence.

Sec. 23. Minnesota Statutes 1998, section 21.86, subdivision 1, is amended to read:

Subdivision 1. **PROHIBITIONS.** A person may not advertise or sell any agricultural, vegetable, flower, or tree and shrub seed if:

(a) Except as provided in clauses (1) to (3), a test to determine the percentage of germination required by sections 21.82 and 21.83 has not been completed within a nine-month period, exclusive of the calendar month in which the test was completed.

(1) When advertised or offered for sale as agricultural seed, native grass and forb seeds must have been tested for percentage of germination as required by section 21.82 within a 14-month period, exclusive of the calendar month in which the test was completed.

(2) This prohibition does not apply to tree, shrub, agricultural, or vegetable seeds packaged in hermetically sealed containers. Seeds packaged in hermetically sealed containers under the conditions defined by rule may be offered for sale for a period of 36 months after the last day of the month that the seeds were tested for germination prior to packaging.

(3) If seeds in hermetically sealed containers are offered for sale more than 36 months after the last day of the month in which they were tested prior to packaging, they must be retested within a nine-month period, exclusive of the calendar month in which the retest was completed;

New language is indicated by underline, deletions by ~~strikeout~~.

(b) It is not labeled in accordance with sections 21.82 and 21.83 or has false or misleading labeling;

(c) False or misleading advertisement has been used in respect to its sale;

(d) It contains prohibited noxious weed seeds;

(e) It consists of or contains restricted noxious weed seeds in excess of 25 seeds per pound or in excess of the number declared on the label attached to the container of the seed or associated with the seed;

(f) It contains more than one percent by weight of all weed seeds;

(g) It contains less than the stated net weight of contents;

(h) It contains less than the stated number of seeds in the container;

(i) It contains any labeling, advertising, or other representation subject to sections 21.82 and 21.83 representing the seed to be certified unless:

(1) it has been determined by a seed certifying agency that the seed conformed to standards of purity and identity as to kind, species, subspecies, or variety, and also that tree seed was found to be of the origin and elevation claimed, in compliance with the rules pertaining to the seed; and

(2) the seed bears an official label issued for it by a seed certifying agency stating that the seed is of a certified class and a specified kind, species, subspecies, or variety;

(j) It is labeled with a variety name but not certified by an official seed certifying agency when it is a variety for which a United States certificate of plant variety protection has been granted under United States Code, title 7, sections 2481 to 2486, specifying sale by variety name only as a class of certified seed. Seed from a certified lot may be labeled as to variety name when used in a blend or mixture by or with approval of the owner of the variety; or

(k) The person whose name appears on the label does not have complete records including a file sample of each lot of agricultural, vegetable, flower, tree or shrub seed sold in this state as required in section 21.84.

Sec. 24. Minnesota Statutes 1998, section 27.01, subdivision 8, is amended to read:

**Subd. 8. WHOLESALE PRODUCE DEALER.** (a) “Wholesale produce dealer” or “dealer at wholesale” means:

(1) a person who buys from or contracts to buy with a seller for production or sale of produce in wholesale lots for resale;

(2) a person engaging in the business of a broker or agent, who handles or deals in produce for a commission or fee;

(3) a truck owner or operator who buys produce in wholesale lots for resale; and

(4) a person engaged in the business of a cannery, food manufacturer, or food processor, who purchases produce in wholesale lots as a part of that business.

**New language is indicated by underline, deletions by ~~strikeout~~.**

(b) For purposes of paragraph (a), "wholesale lots" means purchases from Minnesota sellers must total more than \$12,000 annually.

(c) "Wholesale produce dealer" or "dealer at wholesale" does not include:

(1) a truck owner and operator who regularly engages in the business of transporting freight, including produce, for a transportation fee only, and who does not purchase, contract to purchase, or sell produce;

(2) a marketing cooperative association in which substantially all of the voting stock is held by patrons who patronize the association and in which at least 75 percent of the business of the association is transacted with member or stockholder patrons;

(3) a person who purchases Minnesota seasonally grown perishable fresh fruits and vegetables, and pays cash, including lawful money of the United States, a cashier's check, a certified check, or a bank draft;

(4) a person who handles and deals in only canned, packaged, or processed produce or packaged dairy products that are no longer perishable as determined by the commissioner by rule; or

(5) retail merchants who purchase produce, defined in subdivision 2, directly from farmers, which in the aggregate does not exceed \$500 per month.

Sec. 25. Minnesota Statutes 1998, section 27.19, subdivision 1, is amended to read:

Subdivision 1. **PROHIBITED ACTS.** (a) A person subject to the provisions of this section and sections 27.01 to 27.14 may not:

(1) operate or advertise to operate as a dealer at wholesale without a license;

(2) make any false statement or report as to the grade, condition, markings, quality, or quantity of produce, as defined in section 27.069, received or delivered, or act in any manner to deceive a consignor or purchaser;

(3) refuse to accept a shipment contracted for by the person, unless the refusal is based upon the showing of a state inspection certificate secured with reasonable promptness after the receipt of the shipment showing that the kind and quality of produce, as defined in section 27.069, is other than that purchased or ordered by the person;

(4) fail to account or make a settlement for produce within the required time;

(5) violate or fail to comply with the terms or conditions of a contract entered into by the person for the purchase, production, or sale of produce;

(6) purchase for a person's own account any produce received on consignment, either directly or indirectly, without the consent of the consignor;

(7) issue a false or misleading market quotation, or cancel a quotation during the period advertised by the person;

New language is indicated by underline, deletions by ~~strikeout~~.

(8) increase the sales charges on produce shipped to the person by means of "dummy" or fictitious sales;

(9) receive decorative forest products and the products of farms and waters from foreign states or countries for sale or resale, either within or outside of the state, and give the purchaser the impression, through any method of advertising or description, that the produce is of Minnesota origin;

(10) fail to notify in writing all suppliers of produce of the protection afforded to suppliers by the person's licensee bond, including: availability of a bond, notice requirements, and any other conditions of the bond;

(11) make a false statement to the commissioner on an application for license or bond or in response to written questions from the commissioner regarding the license or bond;

(12) commit to pay and not pay in full for all produce committed for. A processor may not pay an amount less than the full contract price if the crop produced is satisfactory for processing and is not harvested for reasons within the processor's control. If the processor sets the date for planting, then bunching, unusual yields, and a processor's inability or unwillingness to harvest must be considered to be within the processor's control. Under this clause growers must be compensated for passed acreage at the same rate for grade and yield as they would have received had the crop been harvested in a timely manner minus any contractual provision for green manure or feed value. Both parties are excused from payment or performance for crop conditions that are beyond the control of the parties; or

(13) discriminate between different sections, localities, communities, or cities, or between persons in the same community, by purchasing produce from farmers of the same grade, quality, and kind, at different prices, except that price differentials are allowed if directly related to the costs of transportation, shipping, and handling of the produce and a person is allowed to meet the prices of a competitor in good faith, in the same locality for the same grade, quality, and kind of produce. A showing of different prices by the commissioner is prima facie evidence of discrimination.

(b) A separate violation occurs with respect to each different person involved, each purchase or transaction involved, and each false statement.

Sec. 26. Minnesota Statutes 1999 Supplement, section 28A.075, is amended to read:

**28A.075 DELEGATION TO LOCAL BOARD OF HEALTH.**

(a) At the request of a local board of health that licensed and inspected grocery and convenience stores on January 1, 1999, the commissioner must enter into agreements before January 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At the request of a local board of health that licensed and inspected part of any grocery or convenience store on January 1, 1999, the commissioner must enter into agreements

New language is indicated by underline, deletions by ~~strikeout~~.

before July 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. Retail grocery or convenience stores inspected under the state meat inspection program of chapter 31A are exempt from delegation.

(b) A local board of health must adopt an ordinance consistent with the Minnesota Food Code, Minnesota Rules, chapter 4626, for all of its jurisdiction to regulate grocery and convenience stores and the ordinance (Food Code) must not be in conflict with standards set in law or rule.

Sec. 27. Minnesota Statutes 1998, section 31.101, as amended by Laws 1999, chapter 231, section 55, is amended to read:

**31.101 RULES; HEARINGS; UNIFORMITY WITH FEDERAL LAW.**

Subdivision 1. **AUTHORITY.** ~~The authority to commissioner may promulgate and amend rules for the efficient administration and enforcement of the Minnesota Food Law is vested in the commissioner and is in addition to authority granted in sections 31.10, 31.11, and 31.12. Such~~ The rules when applicable shall must conform, insofar as practicable and consistent with state law, with those promulgated under the federal law. This rulemaking authority is in addition to that in sections 31.10, 31.11, and 31.12. Rules adopted under this section may be amended by the commissioner under chapter 14, subject to the limitation in subdivision 7.

Subd. 2. **HEARINGS.** Hearings authorized or required by law shall must be conducted by the commissioner or ~~such an~~ an officer, agent, or employee as the commissioner ~~may designate~~ designates for the purpose.

Subd. 3. **FEDERAL PESTICIDE CHEMICAL REGULATIONS RULES.** Federal pesticide chemical regulations and amendments thereto in effect on April 1, 1997 2000, adopted under authority of the Federal Insecticide, Fungicide and Rodenticide Act, as provided by United States Code, title 7, chapter 6, are the pesticide chemical rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 4. **FEDERAL FOOD ADDITIVE REGULATIONS RULES.** Federal food additive regulations and amendments thereto in effect on April 1, 1997 2000, as provided by Code of Federal Regulations, title 21, parts 170 to 199, are the food additive rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 5. **FEDERAL COLOR ADDITIVE REGULATIONS RULES.** Federal color additive regulations and amendments thereto in effect on April 1, 1997 2000, as provided by Code of Federal Regulations, title 21, parts 70 to 82, are the color additive rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 6. **FEDERAL SPECIAL DIETARY USE REGULATIONS RULES.** Federal special dietary use regulations and amendments thereto in effect on April 1,

New language is indicated by underline, deletions by ~~strikeout~~.

1997 2000, as provided by Code of Federal Regulations, title 21, parts 104 and 105, are the special dietary use rules in this state. Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.

Subd. 7. **FAIR PACKAGING AND LABELING ACT REGULATIONS RULES.** Federal regulations and amendments thereto in effect on April 1, 1997 2000, adopted under the Fair Packaging and Labeling Act, as provided by United States Code, title 15, sections 1451 to 1461, are the rules in this state. Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act; provided that The commissioner shall ~~may~~ not adopt amendments to such these rules or adopt other rules which are contrary to the labeling requirements for the net quantity of contents required pursuant to section 4 of the Fair Packaging and Labeling Act and the regulations promulgated thereunder adopted under that act.

Subd. 8. **FOOD AND DRUGS REGULATIONS RULES.** Applicable federal regulations including recodification contained in Code of Federal Regulations, title 21, parts 0-1299, Food and Drugs, in effect April 1, 1997 2000, and not otherwise adopted herein, also are adopted as food rules of this state. Such rules may be amended by the commissioner in accordance with the Administrative Procedure Act.

Subd. 9. **FISHERY PRODUCTS RULES.** Federal regulations in effect on April 1, 1997 2000, as provided by Code of Federal Regulations, title 50, parts 260 to 267, are incorporated as part of the fishery products rules in this state for state inspections performed under a cooperative agreement with the United States Department of Commerce, National Marine Fisheries Service. The rules may be amended by the commissioner under chapter 14.

Subd. 10. **MEAT AND POULTRY RULES.** Federal regulations in effect on January April 1, 1999 2000, as provided by Code of Federal Regulations, title 9, part 301, et seq., are incorporated as part of the meat and poultry rules in this state. The rules may be amended by the commissioner under chapter 14.

Subd. 11. **STANDARDS FOR FRESH FRUITS, VEGETABLES, AND OTHER PRODUCTS.** Federal regulations in effect on April 1, 1997 2000, as provided by Code of Federal Regulations, title 7, parts 51 and 52, are incorporated as part of the rules in this state. The rules may be amended by the commissioner under chapter 14.

Sec. 28. Minnesota Statutes 1998, section 31.102, subdivision 1, is amended to read:

Subdivision 1. **IDENTITY, QUANTITY, AND FILL OF CONTAINER RULES.** Federal definitions and standards of identity, quality, and fill of container and amendments thereto, in effect on April 1, 1997 2000, adopted under authority of the federal act, are the definitions and standards of identity, quality, and fill of container in this state. Such The rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act under chapter 14.

Sec. 29. Minnesota Statutes 1998, section 31.103, subdivision 1, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **CONSUMER COMMODITIES LABELING RULES.** All labels of consumer commodities shall must conform with the requirements for the declaration of net quantity of contents of section 4 of the Fair Packaging and Labeling Act (United States Code, title 15, section 1451 et seq.) and federal regulations in effect on April 1, ~~1997~~ 2000, ~~promulgated pursuant thereto~~ adopted under authority of that act, except to the extent that the commissioner shall exercise authority to amend such ~~amends the rules in accordance with the Administrative Procedure Act under chapter 14~~. Consumer commodities exempted from the requirements of section 4 of the Fair Packaging and Labeling Act ~~shall~~ are also be exempt from this subdivision.

Sec. 30. Minnesota Statutes 1998, section 31.104, is amended to read:

**31.104 FOOD LABELING EXEMPTION RULES.**

The commissioner shall promulgate rules exempting from any labeling requirement food which is, in accordance with the practice of the trade, to be processed, labeled or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such food is not adulterated or misbranded upon removal from such processing, labeling or repacking establishment.

Federal regulations in effect on April 1, ~~1997~~ 2000, adopted under authority of the federal act relating to such exemptions are effective in this state unless the commissioner ~~shall exercise authority to amend such regulations~~ amends them. The commissioner also may ~~promulgate amendments to amend existing rules concerning exemptions in accordance with the Administrative Procedure Act under chapter 14~~.

Sec. 31. Minnesota Statutes 1998, section 31.632, is amended to read:

**31.632 MINNESOTA APPROVED MEATS; USE OF LABEL.**

The commissioner may authorize, pursuant to rules promulgated in the manner provided by law, the use of the label "Minnesota Approved" on meats ~~and~~, meat products, poultry, and poultry products processed by persons licensed under sections 31.51 to 31.58, or by establishments under the inspection program of the United States Department of Agriculture, if the ingredients of ~~such the poultry, poultry products, meats, and meat products~~ are meat, meat by-products, poultry, poultry products, or meat food products which have been inspected and passed by the United States Department of Agriculture, or the Minnesota department of agriculture and further if ~~such the poultry, poultry products, meats, and meat products~~, after such processing, are sound, healthful, wholesome, and fit for human food. A person or establishment desiring to label poultry, poultry products, meats, and meat products as provided in this section shall apply to the commissioner for authority to do so. The commissioner shall grant this authority to the applicant if the applicant complies with the provisions of this section and rules promulgated pursuant to this section. A person using the label "Minnesota Approved" on poultry, poultry products, meat and, or meat products contrary to law is guilty of a misdemeanor.

Sec. 32. Minnesota Statutes 1998, section 31.633, subdivision 1, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subdivision 1. **MENU REQUIREMENT.** Any restaurant, eating place, or other establishment serving meat or poultry in any form to the public, which meat that has any filler or meat or poultry substitute added to it or incorporated in it, shall clearly and prominently indicate on its menu or bill of fare the meat entrees that contain filler or meat or poultry substitutes.

Sec. 33. Minnesota Statutes 1998, section 31.651, is amended to read:

**31.651 KOSHER PRODUCTS, UNLAWFUL SALE.**

Subdivision 1. **KOSHER REQUIREMENTS.** No person shall sell or expose for sale any poultry, poultry products, meat, or meat preparations and falsely represent the same to be kosher, whether such poultry, poultry products, meat, or meat preparations be raw or prepared for human consumption; nor shall the person permit any such products or the contents of any package or container to be labeled or to have inscribed thereon the word "kosher" in any language unless such products shall have been prepared or processed in accordance with orthodox Hebrew religious requirements sanctioned by a recognized rabbinical council.

Subd. 2. **NOTICE REQUIRED.** Any person who sells or exposes for sale in the same place of business both kosher and nonkosher poultry, meat, or meat preparations, either raw or prepared for human consumption, shall indicate on window signs and all display advertising, in block letters at least four inches in height, "kosher and nonkosher meat and poultry sold here"; and shall display over each kind of poultry, meat, or meat preparation so exposed a sign, in block letters at least two inches in height, reading, "kosher meat," or "kosher poultry," "nonkosher meat," or "nonkosher poultry," as the case may be; provided that subdivision 2 shall not apply to persons selling or offering for sale kosher poultry, poultry products, meats, or meat products solely in separate consumer packages, which have been prepackaged and properly labeled "kosher."

Subd. 3. **PRESUMPTION.** Possession of nonkosher poultry, poultry products, meat, or meat preparations in any place of business shall be presumptive evidence that the person in possession thereof exposes the same for sale.

Subd. 4. **PRIMA FACIE EVIDENCE.** The absence of a duly sanctioned kosher "plumba," mark, stamp, tag, brand, or label from any poultry, poultry products, meat, meat preparation, or food product shall be prima facie evidence that such product is nonkosher.

Sec. 34. Minnesota Statutes 1999 Supplement, section 31A.01, is amended to read:

**31A.01 POLICY.**

Meat, poultry, poultry food products, and meat food products are an important source of the nation's total supply of food. It is essential in the public interest that the health and welfare of consumers be protected by assuring that meat, poultry, and meat food products distributed to them are wholesome, unadulterated, and properly marked, labeled, and packaged. Unwholesome, adulterated, or misbranded meat, poultry,

New language is indicated by underline, deletions by ~~strikeout~~.

poultry food products, or meat food products injure the public welfare, destroy markets for wholesome, unadulterated, and properly labeled and packaged meat, poultry, poultry food products, and meat food products, and result in losses to livestock producers and processors of meat, poultry, poultry food products, and meat food products and injury to consumers. Unwholesome, adulterated, mislabeled, or deceptively packaged articles can be sold at lower prices and compete unfairly with wholesome, unadulterated, and properly labeled and packaged articles, to the detriment of consumers and the general public.

Regulation by the commissioner and cooperation between this state and the United States under this chapter are appropriate to protect the health and welfare of consumers and accomplish the purposes of this chapter.

Sec. 35. Minnesota Statutes 1998, section 31A.02, subdivision 5, is amended to read:

Subd. 5. **CUSTOM PROCESSING.** "Custom processing" means slaughtering, eviscerating, dressing, or processing an animal or processing meat products or poultry products for the owner of the animal or of the meat products and poultry products, if all meat products or poultry products derived from the custom operation are returned to the owner of the animal or of the meat products or poultry products. No person may sell, offer for sale, or possess with intent to sell meat derived from custom processing.

Sec. 36. Minnesota Statutes 1998, section 31A.02, subdivision 6, is amended to read:

Subd. 6. **MEAT BROKER.** "Meat broker" means a person in the business of buying or selling carcasses, parts of carcasses, meat, or meat food products, poultry, or poultry products of animals on commission, or otherwise negotiating purchases or sales of those articles other than for the person's own account or as an employee of another person, firm, or corporation.

Sec. 37. Minnesota Statutes 1998, section 31A.02, subdivision 10, is amended to read:

Subd. 10. **MEAT FOOD PRODUCT; POULTRY FOOD PRODUCT.** "Meat food product" or "poultry food product" means a product usable as human food and made wholly or in part from meat or poultry or a portion of the carcass of cattle, sheep, swine, poultry, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, or goats. "Meat food product" or "poultry food product" does not include products which contain meat, poultry, or other portions of the carcasses of cattle, sheep, swine, farmed cervidae, llamas, ratitae, or goats only in a relatively small proportion or that historically have not been considered by consumers as products of the meat food industry, and which are exempted from definition as a meat food product or poultry food product by the commissioner under the conditions the commissioner prescribes to assure that the meat or other portions of carcasses contained in the products are not adulterated and that the products are not represented as meat food products or poultry food products.

New language is indicated by underline, deletions by ~~strikeout~~.

"Meat food product," as applied to products of equines, has a meaning comparable to that for cattle, sheep, swine, farmed cervidae, llamas, ratitae, and goats.

Sec. 38. Minnesota Statutes 1998, section 31A.02, subdivision 13, is amended to read:

Subd. 13. **ADULTERATED.** "Adulterated" means a carcass, part of a carcass, meat, poultry, poultry food product, or meat food product under one or more of the following circumstances:

(a) if it bears or contains a poisonous or harmful substance which may render it injurious to health; but if the substance is not an added substance, the article is not adulterated if the quantity of the substance in or on the article does not ordinarily make it injurious to health;

(b) if it bears or contains, by administration of a substance to the live animal or otherwise, an added poisonous or harmful substance, other than (1) a pesticide chemical in or on a raw agricultural commodity; (2) a food additive; or (3) a color additive, which may, in the judgment of the commissioner, make the article unfit for human food;

(c) if it is, in whole or in part, a raw agricultural commodity that bears or contains a pesticide chemical which is unsafe within the meaning of section 408 of the Federal Food, Drug, and Cosmetic Act;

(d) if it bears or contains a food additive which is unsafe within the meaning of section 409 of the Federal Food, Drug, and Cosmetic Act;

(e) if it bears or contains a color additive which is unsafe within the meaning of section 706 of the Federal Food, Drug, and Cosmetic Act;

(f) if it contains a filthy, putrid, or decomposed substance or is for any other reason unfit for human food;

(g) if it has been prepared, packed, or held under unsanitary conditions so that it may be contaminated with filth or harmful to health;

(h) if it is wholly or partly the product of an animal which has died otherwise than by slaughter;

(i) if its container is wholly or partly composed of a poisonous or harmful substance which may make the contents harmful to health;

(j) if it has been intentionally subjected to radiation, unless the use of the radiation conformed with a regulation or exemption in effect under section 409 of the Federal Food, Drug, and Cosmetic Act;

(k) if a valuable constituent has been wholly or partly omitted or removed from it; if a substance has been wholly or partly substituted for it; if damage or inferiority has been concealed; or if a substance has been added to it or mixed or packed with it so as to increase its bulk or weight, reduce its quality or strength, or make it appear better or of greater value than it is; or

New language is indicated by underline, deletions by ~~strikeout~~.

(l) if it is margarine containing animal fat and any of the raw material used in it wholly or partly consisted of a filthy, putrid, or decomposed substance.

Sec. 39. Minnesota Statutes 1998, section 31A.02, subdivision 14, is amended to read:

Subd. 14. **MISBRANDED.** "Misbranded" means a carcass, part of a carcass, meat, poultry, poultry food product, or meat food product under one or more of the following circumstances:

- (a) if its labeling is false or misleading;
- (b) if it is offered for sale under the name of another food;
- (c) if it is an imitation of another food, unless its label bears, in type of uniform size and prominence, the word "imitation" followed immediately by the name of the food imitated;
- (d) if its container is made, formed, or filled so as to be misleading;
- (e) if its package or other container does not have a label showing (1) the name and place of business of the manufacturer, packer, or distributor; and (2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count subject to reasonable variations permitted and exemptions for small packages established in rules of the commissioner;
- (f) if a word, statement, or other information required by or under authority of this chapter to appear on the label or other labeling is not prominently and conspicuously placed on the label or labeling in terms that make it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;
- (g) if it is represented as a food for which a definition and standard of identity or composition has been prescribed by rules of the commissioner under section 31A.07, unless (1) it conforms to the definition and standard, and (2) its label bears the name of the food specified in the definition and standard and, if required by the rules, the common names of optional ingredients, other than spices, flavoring, and coloring, present in the food;
- (h) if it is represented as a food for which a standard of fill of container has been prescribed by rules of the commissioner under section 31A.07, and it falls below the applicable standard of fill of container, unless its label bears, in the manner and form the rules specify, a statement that it falls below the standard;
- (i) if it is not subject to paragraph (g), unless its label bears (1) the usual name of the food, if there is one, and (2) in case it is fabricated from two or more ingredients, the common or usual name of each ingredient; except that spices, flavorings, and colorings may, when authorized by the commissioner, be designated as spices, flavorings, and colorings without naming each. To the extent that compliance with clause (2) is impracticable, or results in deception or unfair competition, the commissioner shall establish exemptions by rule;

New language is indicated by underline, deletions by ~~strikeout~~.

(j) if it purports to be or is represented for special dietary uses, unless its label bears the information concerning its vitamin, mineral, and other dietary properties that the commissioner, after consultation with the Secretary of Agriculture of the United States, determines by rule to be necessary to inform purchasers of its value for special dietary uses;

(k) if it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact;

(l) if it fails to bear, directly or on its container, as the commissioner by rule prescribes, the inspection legend and other information the commissioner may require by rule to assure that it will not have false or misleading labeling and that the public will be told how to keep the article wholesome.

Sec. 40. Minnesota Statutes 1998, section 31A.03, is amended to read:

**31A.03 INSPECTION OF LIVE ANIMALS; DISPOSITION OF DEFECTIVE ANIMALS.**

To prevent the use in intrastate commerce of adulterated meat and, meat food products, poultry, and poultry food products, the commissioner shall appoint inspectors and have them examine and inspect all animals before the animals enter a slaughtering, packing, meat canning, rendering, or similar establishment in this state in which slaughtering of animals and preparation of meat and, meat food products, poultry, and poultry food products are conducted solely for intrastate commerce. Animals found on inspection to show symptoms of disease must be set apart and slaughtered separately from other animals. The carcasses of those animals must be carefully examined and inspected under rules of the commissioner.

Sec. 41. Minnesota Statutes 1998, section 31A.05, is amended to read:

**31A.05 APPLICATION OF INSPECTION PROVISIONS.**

Sections 31A.03 and 31A.04 apply to carcasses or parts of animals, poultry, or poultry food products, and meat or meat products derived from them that are usable as human food, when these items are brought into a slaughtering, meat canning, salting, packing, rendering, or similar establishment, where inspection under sections 31A.01 to 31A.16 is done. Examination and inspection must be made before the carcasses or animal parts may enter into a department where they are to be treated and prepared for meat food products or poultry food products.

Sections 31A.03 and 31A.04 also apply to products which, after having been issued from a slaughtering, meat canning, salting, packing, rendering, or similar establishment, must be returned to it or to a similar establishment where inspection is done.

The commissioner may limit the entry of carcasses, parts of carcasses, poultry, poultry food products, meat and, meat food products, and other materials into an establishment where inspection under sections 31A.01 to 31A.16 is done to conditions the commissioner prescribes to assure that allowing the entry of articles into inspected establishments is consistent with the purposes of this chapter.

**New language is indicated by underline, deletions by ~~strikeout~~.**

Sec. 42. Minnesota Statutes 1998, section 31A.06, is amended to read:

**31A.06 INSPECTORS' DUTIES.**

The commissioner shall appoint inspectors to examine and inspect poultry food products and meat food products prepared in a slaughtering, meat canning, salting, packing, rendering, or similar establishment, where the articles are prepared solely for intrastate commerce. For examination and inspection purposes, the inspectors must be given access at all times, whether the establishment is operated or not, to every part of the establishment. The inspectors shall mark, stamp, tag, or label as "Minnesota Inspected and Passed" all products found to be unadulterated, and the inspectors shall label, mark, stamp, or tag as "Minnesota Inspected and Condemned" all products found to be adulterated. Condemned meat food products or poultry food products must be destroyed for food purposes under section 31A.04. The commissioner may remove inspectors from an establishment which fails to destroy condemned poultry food products or meat food products.

Sec. 43. Minnesota Statutes 1998, section 31A.07, subdivision 1, is amended to read:

Subdivision 1. **LABELING; PACKING.** When poultry, poultry food products, meat, or a meat food product prepared for intrastate commerce which has have been inspected and marked "Minnesota Inspected and Passed" is placed or packed in a can, pot, tin, canvas, or other receptacle or covering in an establishment where inspection is done under sections 31A.01 to 31A.31, the person, firm, or corporation preparing the product shall have a label attached to the can, pot, tin, canvas, or other receptacle or covering, under supervision of an inspector. The label must state that the contents have been "Minnesota Inspected and Passed" under sections 31A.01 to 31A.31. An inspection or examination of poultry, poultry food products, meat, or meat food products deposited or enclosed in cans, tins, pots, canvas, or other receptacles or coverings in an establishment where inspection is done under this chapter is not complete until the poultry, poultry food products, meat, or meat food products have been sealed or enclosed in the can, tin, pot, canvas, or other receptacle or covering under the supervision of an inspector.

Sec. 44. Minnesota Statutes 1998, section 31A.07, subdivision 2, is amended to read:

Subd. 2. **LABELS; MARKS.** All carcasses, parts of carcasses, poultry, poultry food products, meat, and meat food products inspected at an establishment under this chapter and found not to be adulterated, must when they leave the establishment bear, directly or on their containers, legible labels or official marks as required by the commissioner.

Sec. 45. Minnesota Statutes 1998, section 31A.08, is amended to read:

**31A.08 RULES.**

The commissioner shall have experts in sanitation or other competent inspectors inspect all slaughtering, meat canning, salting, packing, rendering, or similar estab-

New language is indicated by underline, deletions by ~~strikeout~~.

lishments in which animals are slaughtered and their poultry, poultry food products, meat, and meat food products are prepared solely for intrastate commerce. The inspections must be conducted as necessary for the commissioner to know the sanitary conditions of the establishments, and to prescribe the rules of sanitation under which the establishments must be maintained. If an establishment has sanitary conditions that allow poultry, poultry food products, meat, or meat food products to become adulterated, the commissioner shall refuse to allow the poultry, poultry food products, meat, or meat food products to be labeled, marked, stamped, or tagged as "Minnesota Inspected and Passed."

Sec. 46. Minnesota Statutes 1998, section 31A.10, is amended to read:

**31A.10 PROHIBITIONS.**

No person may, with respect to an animal, carcass, part of a carcass, poultry, poultry food product, meat, or meat food product:

(1) slaughter an animal or prepare an article that is usable as human food, at any establishment preparing articles solely for intrastate commerce, except in compliance with this chapter;

(2) sell, transport, offer for sale or transportation, or receive for transportation, in intrastate commerce (i) articles which are usable as human food and are adulterated or misbranded at the time of sale, transportation, offer for sale or transportation, or receipt for transportation; or (ii) articles required to be inspected under sections 31A.01 to 31A.16 that have not been inspected and passed;

(3) do something to an article that is usable as human food while the article is being transported in intrastate commerce or held for sale after transportation, which is intended to cause or has the effect of causing the article to be adulterated or misbranded; or

(4) sell, offer for sale, or possess with intent to sell meat derived from custom processing.

Sec. 47. Minnesota Statutes 1998, section 31A.13, is amended to read:

**31A.13 INSPECTORS.**

The commissioner shall appoint inspectors to inspect animals, whole or parts of carcasses, poultry, poultry food products, meat, and meat food products the inspection of which is provided for by law, and the sanitary conditions of all establishments in which the poultry, poultry food products, meat, and meat food products are prepared. Inspectors shall refuse to stamp, mark, tag, or label a whole or part of a carcass or a meat food product derived from it, prepared in an establishment covered by sections 31A.01 to 31A.12, until it has actually been inspected and found to be not adulterated. Inspectors shall perform other duties required by this chapter or by rules adopted by the commissioner that are necessary for the efficient execution of this chapter. Inspections under this chapter must conform to the rules adopted by the commissioner consistent with this chapter.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 48. Minnesota Statutes 1999 Supplement, section 31A.15, subdivision 1, is amended to read:

Subdivision 1. **INSPECTION.** The provisions of sections 31A.01 to 31A.16 requiring inspection of the slaughter of animals and the preparation of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products at establishments conducting slaughter and preparation do not apply:

(1) to the processing by a person of the person's own animals and the owner's preparation and transportation in intrastate commerce of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products of those animals exclusively for use by the owner and members of the owner's household, nonpaying guests, and employees; or

(2) to the custom processing by a person of cattle, sheep, swine, poultry, or goats delivered by the owner for processing, and the preparation or transportation in intrastate commerce of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products of animals, exclusively for use in the household of the owner by the owner and members of the owner's household, nonpaying guests, and employees. Meat from custom processing of cattle, sheep, swine, poultry, or goats must be identified and handled as required by the commissioner, during all phases of processing, chilling, cooling, freezing, preparation, storage, and transportation. The custom processor may not engage in the business of buying or selling carcasses, parts of carcasses, meat, poultry, poultry food products, or meat food products of animals usable as human food unless the carcasses, parts of carcasses, meat, poultry, poultry food products, or meat food products have been inspected and passed and are identified as inspected and passed by the Minnesota department of agriculture or the United States Department of Agriculture.

Sec. 49. Minnesota Statutes 1998, section 31A.16, is amended to read:

### 31A.16 STORING AND HANDLING CONDITIONS.

The commissioner may adopt rules prescribing conditions under which carcasses, parts of carcasses, poultry, poultry food products, meat, and meat food products of animals usable as human food must be stored or otherwise handled by a person in the business of buying, selling, freezing, storing, or transporting them, in or for intrastate commerce, if the commissioner considers action necessary to assure that the articles will not be adulterated or misbranded when delivered to the consumer.

Sec. 50. Minnesota Statutes 1998, section 31A.17, is amended to read:

### 31A.17 ARTICLES NOT INTENDED AS HUMAN FOOD.

Inspection must not be provided under sections 31A.01 to 31A.16 at an establishment for the slaughter of animals or the preparation of carcasses or parts or products of animals which are not intended for use as human food. Before they are offered for sale or transportation in intrastate commerce, those articles must be denatured or otherwise identified as prescribed by rules of the commissioner to deter their use for human food, unless they are naturally inedible by humans. No person may

New language is indicated by underline, deletions by ~~strikeout~~.

buy, sell, transport, offer for sale or transportation, or receive for transportation, in intrastate commerce, carcasses, parts of carcasses, poultry, poultry food products, meat, or meat food products of animals which are not intended for use as human food unless they are denatured or otherwise identified as required by the rules of the commissioner or are naturally inedible by humans.

Sec. 51. Minnesota Statutes 1998, section 31B.02, subdivision 4, is amended to read:

Subd. 4. **LIVESTOCK.** "Livestock" means live or dead cattle, sheep, swine, horses, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, bison (buffalo), or goats.

Sec. 52. Minnesota Statutes 1999 Supplement, section 31B.07, subdivision 3, is amended to read:

Subd. 3. **EXPIRATION.** The reporting provisions of this section expire 30 days after a department or agency of the federal government has a price reporting requirement at least as comprehensive as this section, as determined by the commissioner and results in Minnesota-specific information being available to the commissioner and to Minnesota producers.

Sec. 53. Minnesota Statutes 1998, section 41B.03, subdivision 1, is amended to read:

Subdivision 1. **ELIGIBILITY GENERALLY.** To be eligible for a program in sections 41B.01 to 41B.23:

(1) a borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2; and

(2) the borrower or one of the borrowers must be the principal operator of the farm or, for a prospective homestead redemption borrower, must have at one time been the principal operator of a farm; and

(3) ~~the borrower must not receive assistance under sections 41B.01 to 41B.23 exceeding an aggregate of \$100,000 in loans during the borrower's lifetime.~~

Sec. 54. Minnesota Statutes 1998, section 41B.03, subdivision 2, is amended to read:

Subd. 2. **ELIGIBILITY FOR RESTRUCTURED LOAN.** In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must:

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for homesteaded property, received at least 40 percent of average gross income from farming in the past three years, and farming must be the principal occupation of the borrower;

New language is indicated by underline, deletions by ~~strikeout~~.

(2) have a debt-to-asset ratio equal to or greater than 50 percent and in determining this ratio, the assets must be valued at their current market value;

(3) have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, that do not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production, except that the authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan; and

(4) demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan; and

(5) must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Sec. 55. Minnesota Statutes 1998, section 41B.039, subdivision 2, is amended to read:

Subd. 2. **STATE PARTICIPATION.** The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 56. Minnesota Statutes 1998, section 41B.04, subdivision 8, is amended to read:

Subd. 8. **STATE'S PARTICIPATION.** With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the primary principal or ~~\$100,000~~ \$150,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

Sec. 57. Minnesota Statutes 1998, section 41B.042, subdivision 4, is amended to read:

Subd. 4. **PARTICIPATION LIMIT; INTEREST.** The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 58. Minnesota Statutes 1998, section 41B.043, subdivision 2, is amended to read:

New language is indicated by underline, deletions by ~~strikeout~~.

Subd. 2. **SPECIFICATIONS.** No direct loan may exceed \$35,000 or \$100,000 \$125,000 for a loan participation or be made to refinance an existing debt. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 59. Minnesota Statutes 1998, section 41B.045, subdivision 2, is amended to read:

Subd. 2. **LOAN PARTICIPATION.** The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or \$250,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan. Loans under this program must not be included in the lifetime limitation calculated under section 41B.03, subdivision 1.

Sec. 60. Minnesota Statutes 1998, section 223.16, subdivision 5, is amended to read:

Subd. 5. **GRAIN BUYER.** "Grain buyer" means a person who purchases grain ~~from a producer for the purpose of reselling the grain~~ with the exception of a person who purchases seed grain for crop production or who purchases grain as feed for the person's own livestock.

Sec. 61. Minnesota Statutes 1998, section 223.17, subdivision 5, is amended to read:

Subd. 5. **CASH SALES; MANNER OF PAYMENT.** For a cash sale of a shipment of grain which is part of a multiple shipment sale, the grain buyer shall tender payment to the seller in cash or by check not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment shall be tendered not later than the close of business on the next day, or within 48 hours, whichever is later. For other cash sales the grain buyer, before the close of business on the next business day after the sale, shall tender payment to the seller in cash or by check, or shall wire or mail funds to the seller's account in the amount of at least 80 percent of the value of the grain at the time of delivery. The grain buyer shall complete final settlement as rapidly as possible through ordinary diligence. ~~Any transaction which is not a cash sale in compliance with the provisions of this subdivision constitutes a voluntary extension of credit which is not afforded protection under the grain buyer's bond, and which must comply with sections 223.175 and 223.177.~~

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 62. Minnesota Statutes 1998, section 223.175, is amended to read:

**223.175 WRITTEN VOLUNTARY EXTENSION OF CREDIT CONTRACTS; FORM.**

A written confirmation required under section 223.177, subdivision 2, and a written voluntary extension of credit contract must include those items prescribed by the commissioner by rule. A contract shall include a statement of the legal and financial responsibilities of grain buyers and sellers established in this chapter. A contract shall also include the following statement in not less than ten point, all capital type, framed in a box with space provided for the seller's signature: "THIS CONTRACT CONSTITUTES A VOLUNTARY EXTENSION OF CREDIT. THIS CONTRACT IS NOT COVERED BY ANY GRAIN BUYER'S BOND." If a written contract is provided at the time the grain is delivered to the grain buyer, the seller shall sign the contract in the space provided beneath the statement. A transaction that does not meet the provisions of a voluntary extension of credit, including the issuance and signing of a voluntary extension of credit contract, is a cash sale.

Sec. 63. Minnesota Statutes 1998, section 232.21, is amended by adding a subdivision to read:

Subd. 14. OPEN STORAGE. "Open storage" means grain or agricultural products received by a warehouse operator from a depositor for which warehouse receipts have not been issued or a purchase made and the records documented accordingly.

Sec. 64. Minnesota Statutes 1998, section 232.23, subdivision 1, is amended to read:

Subdivision 1. DISCRIMINATION PROHIBITED. (a) Except as provided in paragraph (b), a public grain warehouse operator must receive for storage, so far as the capacity of the grain warehouse will permit, all sound grain tendered in warehouseable condition without discrimination against any person tendering the grain.

(b) The requirements in paragraph (a) do not apply to storage capacity owned by producers that is managed by the public grain warehouse operator but is not under the same ownership as the grain warehouse.

Sec. 65. Minnesota Statutes 1998, section 232.23, subdivision 3, is amended to read:

Subd. 3. GRAIN DELIVERED CONSIDERED SOLD STORED. All grain delivered to a public grain warehouse operator shall be considered sold stored at the time of delivery, unless arrangements have been made with the public grain warehouse operator prior to or at the time of delivery to apply the grain on contract, for shipment or consignment or for storage cash sale. Grain may be held in open storage or placed on a warehouse receipt. Warehouse receipts must be issued for all grain held in open storage within six months of delivery to the warehouse unless the depositor has signed a statement that the depositor does not desire a warehouse receipt. The warehouse operator's tariff applies for any grain that is retained in open storage or under warehouse receipt.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 66. Minnesota Statutes 1998, section 232.23, subdivision 6, is amended to read:

Subd. 6. **LIABILITY.** A public grain warehouse operator ~~issuing a grain warehouse receipt~~ is liable to the depositor for the delivery of the kind, grade, and net quantity of grain called for by the grain warehouse receipt, or scale ticket marked "store."

Sec. 67. Minnesota Statutes 1999 Supplement, section 500.24, subdivision 2, is amended to read:

Subd. 2. **DEFINITIONS.** The definitions in this subdivision apply to this section.

(a) "Farming" means the production of (1) agricultural products; (2) livestock or livestock products; (3) milk or milk products; or (4) fruit or other horticultural products. It does not include the processing, refining, or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It does not include the production of timber or forest products, the production of poultry or poultry products, or the feeding and caring for livestock that are delivered to a corporation for slaughter or processing for up to 20 days before slaughter or processing.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are persons ~~or~~ the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds stock in a family farm corporation, related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said the related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest:

(1) transfer of shares of voting stock to a person or the spouse of a person related within the third degree of kindred according to the rules of civil law to the person making the transfer, or to a family farm trust of which the shareholder, spouse, or related person is a current beneficiary; or

(2) distribution from a family farm trust of shares of stock to a beneficiary related within the third degree of kindred according to the rules of civil law to a majority of the current beneficiaries of the trust, or to a family farm trust of which the shareholder, spouse, or related person is a current beneficiary.

For the purposes of this section, a transfer may be made with or without consideration, either directly or indirectly, during life or at death, whether or not in trust, of the shares in the family farm corporation, and stock owned by a family farm trust are considered to be owned in equal shares by the current beneficiaries.

(d) "Family farm trust" means:

New language is indicated by underline, deletions by ~~strikeout~~.

(1) a trust in which:

(i) a majority of the current beneficiaries are persons or spouses of persons who are related to each other within the third degree of kindred according to the rules of civil law;

(ii) all of the current beneficiaries are natural persons or nonprofit corporations or trusts described in Internal Revenue Code, section 170(c), as amended, and the regulations under that section; and

(iii) one of the family member current beneficiaries is residing on or actively operating the farm; or

(2) a charitable remainder trust as defined in Internal Revenue Code, section 664, as amended, and the regulations under that section, and a charitable lead trust as set forth in Internal Revenue Code, section 170(f), and the regulations under that section, if the lead period does not exceed ten years and the majority of remainder beneficiaries are related to the grantor within the third degree of kindred according to the rules of civil law.

For the purposes of this section, if a distributee trust becomes entitled to, or at the discretion of any person may receive, a distribution from income or principal of a family farm trust, then the distributee trust must independently qualify as a family farm trust.

(e) "Authorized farm corporation" means a corporation meeting the following standards:

(1) it has no more than five shareholders, provided that for the purposes of this section, a husband and wife are considered one shareholder;

(2) all its shareholders, other than any estate, are natural persons;

(3) it does not have more than one class of shares;

(4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;

(5) shareholders holding 51 percent or more of the interest in the corporation reside on the farm or are actively engaging in farming;

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its shareholders are shareholders in other authorized farm corporations that directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.

(e) (f) "Authorized livestock farm corporation" means a corporation formed for the production of livestock and meeting the following standards:

(1) it is engaged in the production of livestock other than dairy cattle;

**New language is indicated by underline, deletions by ~~strikeout~~.**

(2) all its shareholders, other than any estate, are natural persons or family farm corporations;

(3) it does not have more than one class of shares;

(4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;

(5) shareholders holding 75 percent or more of the control, financial, and capital investment in the corporation are farmers residing in Minnesota and at least 51 percent of the required percentage of farmers are actively engaged in livestock production;

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its shareholders are shareholders in other authorized farm corporations that directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.

(f) (g) "Agricultural land" means real estate used for farming or capable of being used for farming in this state.

(g) (h) "Pension or investment fund" means a pension or employee welfare benefit fund, however organized, a mutual fund, a life insurance company separate account, a common trust of a bank or other trustee established for the investment and reinvestment of money contributed to it, a real estate investment trust, or an investment company as defined in United States Code, title 15, section 80a-3.

(h) (i) "Farm homestead" means a house including adjoining buildings that has been used as part of a farming operation or is part of the agricultural land used for a farming operation.

(i) (j) "Family farm partnership" means a limited partnership formed for the purpose of farming and the ownership of agricultural land in which the majority of the interests in the partnership is held by and the majority of the partners are persons or, the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds an interest in a family farm partnership related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is residing on or the farm, actively operating the farm, or the agricultural land was owned by one or more of the related persons for a period of five years before its transfer to the limited partnership, and none of the partners are corporations. A family farm partnership does not cease to qualify as a family farm partnership because of a devise or bequest:

(1) transfer of a partnership interest in the partnership to a person or spouse of a person related within the third degree of kindred according to the rules of civil law to the person making the transfer or to a family farm trust of which the partner, spouse, or related person is a current beneficiary; or

(2) distribution from a family farm trust of a partnership interest to a beneficiary related within the third degree of kindred according to the rules of civil law to a

New language is indicated by underline, deletions by ~~strikeout~~.

majority of the current beneficiaries of the trust, or to a family farm trust of which the partner, spouse, or related person is a current beneficiary.

For the purposes of this section, a transfer may be made with or without consideration, either directly or indirectly, during life or at death, whether or not in trust, of a partnership interest in the family farm partnership, and interest owned by a family farm trust is considered to be owned in equal shares by the current beneficiaries.

(j) (k) "Authorized farm partnership" means a limited partnership meeting the following standards:

(1) it has been issued a certificate from the secretary of state or is registered with the county recorder and farming and ownership of agricultural land is stated as a purpose or character of the business;

(2) it has no more than five partners;

(3) all its partners, other than any estate, are natural persons;

(4) its revenue from rent, royalties, dividends, interest, and annuities ~~do~~ does not exceed 20 percent of its gross receipts;

(5) its general partners hold at least 51 percent of the interest in the land assets of the partnership and reside on the farm or are actively engaging in farming not more than 1,500 acres as a general partner in an authorized limited partnership;

(6) its limited partners do not participate in the business of the limited partnership including operating, managing, or directing management of farming operations;

(7) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(8) none of its limited partners are limited partners in other authorized farm partnerships that directly or indirectly in combination with the partnership own more than 1,500 acres of agricultural land.

(l) "Family farm limited liability company" means a limited liability company founded for the purpose of farming and the ownership of agricultural land in which the majority of the membership interests are held by and the majority of the members are persons or the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds stock in a family farm limited liability company related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is actively operating the farm, and none of the members are corporations or limited liability companies. A family farm limited liability company does not cease to qualify as a family farm limited liability company because of:

(1) a transfer of a membership interest to a person or spouse of a person related within the third degree of kindred according to the rules of civil law to the person making the transfer or to a family farm trust of which the member, spouse, or related person is a current beneficiary; or

New language is indicated by underline, deletions by ~~strikeout~~.

(2) distribution from a family farm trust of a membership interest to a beneficiary related within the third degree of kindred according to the rules of civil law to a majority of the current beneficiaries of the trust, or to a family farm trust of which the member, spouse, or related person is a current beneficiary.

For the purposes of this section, a transfer may be made with or without consideration, either directly or indirectly, during life or at death, whether or not in trust, of a membership interest in the family farm limited liability company, and interest owned by a family farm trust is considered to be owned in equal shares by the current beneficiaries. Except for a state or federally chartered financial institution acquiring an encumbrance for the purpose of security or an interest under paragraph (x), a member of a family farm limited liability company may not transfer a membership interest, including a financial interest, to a person who is not otherwise eligible to be a member under this paragraph.

(m) "Authorized farm limited liability company" means a limited liability company meeting the following standards:

- (1) it has no more than five members;
- (2) all its members, other than any estate, are natural persons;
- (3) it does not have more than one class of membership interests;
- (4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;
- (5) members holding 51 percent or more of both the governance rights and financial rights in the limited liability company reside on the farm or are actively engaged in farming;
- (6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and
- (7) none of its members are members in other authorized farm limited liability companies that directly or indirectly in combination with the authorized farm limited liability company own more than 1,500 acres of agricultural land.

Except for a state or federally chartered financial institution acquiring an encumbrance for the purpose of security or an interest under paragraph (x), a member of an authorized farm limited liability company may not transfer a membership interest, including a financial interest, to a person who is not otherwise eligible to be a member under this paragraph.

~~(k)~~ (n) "Farmer" means a natural person who regularly participates in physical labor or operations management in the person's farming operation and files "Schedule F" as part of the person's annual Form 1040 filing with the United States Internal Revenue Service.

~~(l)~~ (o) "Actively engaged in livestock production" means performing day-to-day physical labor or day-to-day operations management that significantly contributes to livestock production and the functioning of a livestock operation.

**New language is indicated by underline, deletions by ~~strikeout~~.**

~~(m)~~ (p) "Research or experimental farm" means a corporation, limited partnership, ~~or pension or investment fund, or~~ limited liability company that owns or operates agricultural land for research or experimental purposes, provided that any commercial sales from the operation are incidental to the research or experimental objectives of the corporation. A corporation, limited partnership, limited liability company, or pension or investment fund seeking initial approval by the commissioner to operate agricultural land for research or experimental purposes must first submit to the commissioner a prospectus or proposal of the intended method of operation containing information required by the commissioner including a copy of any operational contract with individual participants.

~~(n)~~ (q) "Breeding stock farm" means a corporation ~~or~~, limited partnership, or limited liability company, that owns or operates agricultural land for the purpose of raising breeding stock, including embryos, for resale to farmers or for the purpose of growing seed, wild rice, nursery plants, or sod. An entity that is organized to raise livestock other than dairy cattle under this paragraph that does not qualify as an authorized farm corporation must:

(1) sell all castrated animals to be fed out or finished to farming operations that are neither directly nor indirectly owned by the business entity operating the breeding stock operation; and

(2) report its total production and sales annually to the commissioner.

~~(o)~~ (r) "Aquatic farm" means a corporation ~~or~~, limited partnership, or limited liability company, that owns or leases agricultural land as a necessary part of an aquatic farm as defined in section 17.47, subdivision 3.

~~(p)~~ (s) "Religious farm" means a corporation formed primarily for religious purposes whose sole income is derived from agriculture.

~~(q)~~ (t) "Utility corporation" means a corporation regulated under Minnesota Statutes 1974, chapter 216B, that owns agricultural land for purposes described in that chapter, or an electric generation or transmission cooperative that owns agricultural land for use in its business if the land is not used for farming except under lease to a family farm unit, a family farm corporation, ~~or~~ a family farm trust, a family farm partnership, or a family farm limited liability company.

~~(r)~~ "Benevolent trust" means a pension fund or family trust established by the owners of a family farm, authorized farm corporation, authorized livestock farm corporation, or family farm corporation that holds an interest in title to agricultural land on which one or more of those owners or shareholders have resided or have been actively engaged in farming as required by paragraph (b), (c), (d), or (e).

(s) (u) "Development organization" means a corporation, limited partnership, limited liability company, or pension or investment fund that owns has an interest in agricultural land for which the corporation, limited partnership, limited liability company, or pension or investment fund has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an

New language is indicated by underline, deletions by ~~strikeout~~.

incorporated area. A corporation, limited partnership, limited liability company, or pension or investment fund may hold agricultural land in the amount necessary for its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, the land may not be used for farming except under lease to a family farm unit, a family farm corporation, a family farm trust, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership~~, a family farm limited liability company, or an authorized farm limited liability company, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation that has entered into an agreement with the United States under the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, United States Code, title 42, sections 3901 to 3914) as amended, or a subsidiary or assign of such a corporation.

(~~†~~) (v) “Exempt land” means agricultural land owned or leased by a corporation as of May 20, 1973, agricultural land owned or leased by a pension or investment fund as of May 12, 1981, ~~or agricultural land owned or leased by a limited partnership as of May 1, 1988~~, or agricultural land owned or leased by a trust as of the effective date of this act, including the normal expansion of that ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, for a corporation; May 12, 1981, for a pension or investment fund; ~~or May 1, 1988, for a limited partnership~~, or the effective date of this act for a trust, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules. A corporation, limited partnership, or pension or investment fund that is eligible to own or lease agricultural land under this section prior to May 1997, or a corporation that is eligible to own or lease agricultural land as a benevolent trust under this section prior to the effective date of this act, may continue to own or lease agricultural land subject to the same conditions and limitations as previously allowed.

(~~‡~~) (w) “Gifted land” means agricultural land acquired as a gift, either by grant or devise, by an educational, religious, or charitable nonprofit corporation, limited partnership, limited liability company, or pension or investment fund if all land so acquired is disposed of within ten years after acquiring the title.

(v) (x) “Repossessed land” means agricultural land acquired by a corporation, limited partnership, limited liability company, or pension or investment fund by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim on the land, whether created by mortgage or otherwise if all land so acquired is disposed of within five years after acquiring the title. The five-year limitation is a covenant running with the title to the land against any grantee, assignee, or successor of the pension or investment fund, corporation, ~~or limited partnership~~, or limited liability company. The land so acquired must not be used for farming during the five-year period, except under a lease to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership~~, a family farm limited liability company, or an authorized farm limited liability company. Notwithstanding the five-year divestiture requirement under this paragraph, a financial institution may

New language is indicated by underline, deletions by ~~strikeout~~.

continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must dispose of the agricultural land within ten years of acquiring the title. Livestock acquired by a pension or investment fund, corporation, or limited partnership, or limited liability company in the collection of debts, or by a procedure for the enforcement of lien or claim on the livestock whether created by security agreement or otherwise after August 1, 1994, must be sold or disposed of within one full production cycle for the type of livestock acquired or 18 months after the livestock is acquired, whichever is later earlier.

(w) (y) "Commissioner" means the commissioner of agriculture.

~~(x)~~ (z) "~~Demonstration~~ "Nonprofit corporation" means a nonprofit corporation organized under state nonprofit corporation law and ~~formed primarily for the purpose of demonstrating historical farming practices or qualified for tax-exempt status under federal tax law that uses the land for a specific nonfarming purpose or leases the agricultural land to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm limited liability company, an authorized farm limited liability company, a family farm partnership, or an authorized farm partnership.~~

(aa) "Current beneficiary" means a person who at any time during a year is entitled to, or at the discretion of any person may, receive a distribution from the income or principal of the trust. It does not include a distributee trust, other than a trust described in section 170(c) of the Internal Revenue Code, as amended, but does include the current beneficiaries of the distributee trust. It does not include a person in whose favor a power of appointment could be exercised until the holder of the power of appointment actually exercises the power of appointment in that person's favor. It does not include a person who is entitled to receive a distribution only after a specified time or upon the occurrence of a specified event until the time or occurrence of the event. For the purposes of this section, a distributee trust is a current beneficiary of a family farm trust.

(bb) "De minimis" means that any corporation, pension or investment fund, limited liability company, or limited partnership that directly or indirectly owns, acquires, or otherwise obtains any interest in 40 acres or less of agricultural land and annually receives less than \$150 per acre in gross revenue from rental or agricultural production.

Sec. 68. Minnesota Statutes 1999 Supplement, section 500.24, subdivision 3, is amended to read:

**Subd. 3. FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.** (a) No corporation, limited liability company, pension or investment fund, trust, or limited partnership shall engage in farming; nor shall any corporation, limited liability company, pension or investment fund, trust, or limited partnership, directly or indirectly, own, acquire, or otherwise obtain any interest, in agricultural land other than a bona fide encumbrance taken for purposes of security. This subdivision does not apply to general partnerships. This subdivision does not apply to any agricultural land, corporation, limited partnership, trust, limited

New language is indicated by underline, deletions by ~~strikeout~~.

liability company, or pension or investment fund that meet any of the definitions in subdivision 2, paragraphs (b) to (e) (f), (i), (j) to (m), ~~(n) to (v)~~ (p) to (x), and (z), and (bb), has a conservation plan prepared for the agricultural land, and reports as required under subdivision 4.

(b) A corporation, pension or investment fund, trust, limited liability company, or limited partnership that cannot meet any of the definitions in subdivision 2, paragraphs (b) to (f), (j) to (m), (p) to (x), (z), and (bb), may petition the commissioner for an exemption from this subdivision. The commissioner may issue an exemption if the entity meets the following criteria:

(1) the exemption would not contradict the purpose of this section; and

(2) the petitioning entity would not have a significant impact upon the agriculture industry and the economy.

The commissioner shall review annually each entity that is issued an exemption under this paragraph to ensure that the entity continues to meet the criteria in clauses (1) and (2). If an entity fails to meet the criteria, the commissioner shall withdraw the exemption and the entity is subject to enforcement proceedings under subdivision 5. The commissioner shall submit a report with a list of each entity that is issued an exemption under this paragraph to the chairs of the senate and house agricultural policy committees by October 1 of each year.

Sec. 69. Minnesota Statutes 1998, section 500.24, subdivision 3a, is amended to read:

Subd. 3a. **LEASE AGREEMENT; CONSERVATION PRACTICE PROTECTION CLAUSE.** A corporation, pension or investment fund, or limited partnership, or limited liability company other than a family farm corporation, ~~an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, or an authorized farm partnership~~ those meeting any of the definitions in subdivision 2, paragraphs (c) to (f) or (j) to (m), when leasing farm land to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership,~~ a family farm limited liability company, or an authorized farm limited liability company, under provisions of subdivision 2, paragraph ~~(v)~~ (x), must include within the lease agreement a provision prohibiting intentional damage or destruction to a conservation practice on the agricultural land.

Sec. 70. Minnesota Statutes 1998, section 500.24, subdivision 3b, is amended to read:

Subd. 3b. **PROTECTION OF CONSERVATION PRACTICES.** A corporation, pension or investment fund, or limited partnership, or limited liability company other than a family farm corporation, ~~an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, or authorized farm partnership~~ those meeting any of the definitions in subdivision 2, paragraphs (c) to (f) or (j) to (m), which, during the period of time it holds agricultural land under subdivision 2, paragraph ~~(v)~~ (x), intentionally destroys a conservation practice as defined in section

New language is indicated by underline, deletions by ~~strikeout~~.

103F.401, subdivision 3, to which the state has made a financial contribution, must pay the commissioner, for deposit in the general fund, an amount equal to the state's total contributions to that conservation practice plus interest from the time of investment in the conservation practice. Interest must be calculated at an annual percentage rate of 12 percent.

Sec. 71. Minnesota Statutes 1998, section 500.24, subdivision 4, is amended to read:

Subd. 4. **REPORTS.** (a) The chief executive officer of every pension or investment fund, corporation, ~~or limited partnership,~~ limited liability company, or entity that is seeking to qualify for an exemption from the commissioner, and the trustee of a family farm trust that holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner a report containing the following information and documents:

(1) the name of the pension or investment fund, corporation, ~~or limited partnership,~~ or limited liability company and its place of incorporation, certification, or registration;

(2) the address of the pension or investment plan headquarters or of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation ~~or, limited partnership,~~ or limited liability company, the address of its principal office in its place of incorporation, certification, or registration;

(3) the acreage and location listed by quarter-quarter section, township, and county of each lot or parcel of agricultural land or land used for the keeping or feeding of poultry in this state owned or leased by the pension or investment fund, limited partnership, ~~or corporation,~~ or limited liability company;

(4) the names and addresses of the officers, administrators, directors, or trustees of the pension or investment fund, or of the officers, shareholders owning more than ten percent of the stock, including the percent of stock owned by each such shareholder, and the members of the board of directors of the corporation, and the members of the limited liability company, and the general and limited partners and the percentage of interest in the partnership by each partner;

(5) the farm products which the pension or investment fund, limited partnership, ~~or corporation,~~ or limited liability company produces or intends to produce on its agricultural land;

(6) with the first report, a copy of the title to the property where the farming operations are or will occur indicating the particular exception claimed under subdivision 3; and

New language is indicated by underline, deletions by ~~strikeout~~.

(7) with the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.

The report of a corporation, trust, limited liability company, or partnership seeking to qualify hereunder as a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership,~~ a family farm limited liability company, an authorized farm limited liability company, or a family farm trust or under an exemption from the commissioner shall contain the following additional information: the number of shares ~~or the, partnership interests,~~ or governance and financial rights owned by persons or current beneficiaries of a family farm trust residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address, and number of shares owned by each shareholder ~~or, partnership interests~~ owned by each partner; or governance and financial rights owned by each member, and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest, and annuities. No pension or investment fund, limited partnership, ~~or corporation,~~ or limited liability company shall commence farming in this state until the commissioner has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, limited partnership, trust, or corporation, or limited liability company as described in paragraph (a) shall, prior to April 15 of each year, file with the commissioner a report containing the information required in paragraph (a), based on its operations in the preceding calendar year and its status at the end of the year. A pension or investment fund, limited partnership, ~~or corporation,~~ or limited liability company that does not file the report by April 15 must pay a \$500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

(c) The commissioner may, for good cause shown, issue a written waiver or reduction of the civil penalty for failure to make a timely filing of the annual report required by this subdivision. The waiver or reduction is final and conclusive with respect to the civil penalty, and may not be reopened or modified by an officer, employee, or agent of the state, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The report required under paragraph (b) must be completed prior to a reduction or waiver under this paragraph. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.

(d) Failure to file a required report or the willful filing of false information is a gross misdemeanor.

Sec. 72. Minnesota Statutes 1998, section 500.24, subdivision 5, is amended to read:

Subd. 5. **ENFORCEMENT.** With reason to believe that a corporation, limited partnership, limited liability company, trust, or pension or investment fund is violating

New language is indicated by underline, deletions by ~~strikeout~~.

subdivision 3, the attorney general shall commence an action in the district court in which any agricultural lands relative to such violation are situated, or if situated in two or more counties, in any county in which a substantial part of the lands are situated. The attorney general shall file for record with the county recorder or the registrar of titles of each county in which any portion of said lands are located a notice of the pendency of the action as provided in section 557.02. If the court finds that the lands in question are being held in violation of subdivision 3, it shall enter an order so declaring. The attorney general shall file for record any such order with the county recorder or the registrar of titles of each county in which any portion of said lands are located. Thereafter, the pension or investment fund, limited partnership, or corporation owning such land shall have a period of five years from the date of such order to divest itself of such lands. The aforementioned five-year limitation period shall be deemed a covenant running with the title to the land against any pension or investment fund, limited partnership, or corporate grantee or assignee or the successor of such pension or investment fund, limited partnership, or corporation. Any lands not so divested within the time prescribed shall be sold at public sale in the manner prescribed by law for the foreclosure of a mortgage by action. In addition, any prospective or threatened violation may be enjoined by an action brought by the attorney general in the manner provided by law.

Sec. 73. Minnesota Statutes 1999 Supplement, section 500.245, subdivision 1, is amended to read:

Subdivision 1. **DISPOSAL OF LAND.** (a) A state or federal agency, limited partnership, or a corporation, or limited liability company may not lease or sell agricultural land or a farm homestead before offering or making a good faith effort to offer the land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. The offer must be made on the notice to offer form under subdivision 2. The requirements of this subdivision do not apply to a sale or lease by a corporation that is a family farm corporation or an authorized farm corporation or to a sale or lease by the commissioner of agriculture of property acquired by the state under the family farm security program under chapter 41. This subdivision applies only to a sale or lease when the seller or lessor acquired the property by enforcing a debt against the agricultural land or farm homestead, including foreclosure of a mortgage, accepting a deed in lieu of foreclosure, terminating a contract for deed, or accepting a deed in lieu of terminating a contract for deed. Selling or leasing property to a third party at a price is prima facie evidence that the price is acceptable to the seller or lessor. The seller must provide written notice to the immediately preceding former owner that the agricultural land or farm homestead will be offered for sale at least 14 days before the agricultural land or farm homestead is offered for sale.

(b) An immediately preceding former owner is the entity with record legal title to the agricultural land or farm homestead before acquisition by the state or federal agency or corporation except: if the immediately preceding former owner is a bankruptcy estate, the debtor in bankruptcy is the immediately preceding former owner; and if the agricultural land or farm homestead was acquired by termination of

New language is indicated by underline, deletions by ~~strikeout~~.

a contract for deed or deed in lieu of termination of a contract for deed, the immediately preceding former owner is the purchaser under the contract for deed. For purposes of this subdivision, only a family farm, family farm corporation, ~~or~~ family farm partnership or family farm limited liability company can be an immediately preceding former owner.

(c) An immediately preceding former owner may elect to purchase or lease the entire property or an agreed to portion of the property. If the immediately preceding former owner elects to purchase or lease a portion of the property, the election must be reported in writing to the seller or lessor prior to the time the property is first offered for sale or lease. If election is made to purchase or lease a portion of the property, the portion must be contiguous and compact so that it does not unreasonably reduce access to or the value of the remaining property.

(d) For purposes of this subdivision, the term "a price no higher than the highest price offered by a third party" means the acceptable cash price offered by a third party or the acceptable time-price offer made by a third party. A cash price offer is one that involves simultaneous transfer of title for payment of the entire amount of the offer. If the acceptable offer made by a third party is a time-price offer, the seller or lessor must make the same time-price offer or an equivalent cash offer to the immediately preceding former owner. An equivalent cash offer is equal to the total of the payments made over a period of the time-price offer discounted by yield curve of the United States treasury notes and bonds of similar maturity on the first business day of the month in which the offer is personally delivered or mailed for time periods similar to the time period covered by the time-price offer, plus 2.0 percent. A time-price offer is an offer that is financed entirely or partially by the seller and includes an offer to purchase under a contract for deed or mortgage. An equivalent cash offer is not required to be made if the state participates in an offer to a third party through the rural finance authority.

(e) This subdivision applies to a seller when the property is sold and to a lessor each time the property is leased, for the time period specified in section 500.24, subdivision 2, paragraph (v), after the agricultural land is acquired except:

(1) an offer to lease to the immediately preceding former owner is required only until the immediately preceding owner fails to accept an offer to lease the property or the property is sold;

(2) an offer to sell to the immediately preceding former owner is required until the property is sold; and

(3) if the immediately preceding former owner elects to lease or purchase a portion of the property, this subdivision does not apply to the seller with regard to the balance of the property after the election is made under paragraph (c).

(f) The notice of an offer under subdivision 2 that is personally delivered with a signed receipt or sent by certified mail with a receipt of mailing to the immediately preceding former owner's last known address is a good faith offer.

New language is indicated by underline, deletions by ~~strikeout~~.

(g) This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for the time period specified in section 500.24, subdivision 2, paragraph ~~(v)~~ (x).

(h) For purposes of this subdivision, if the immediately preceding former owner is a bankruptcy estate the debtor in the bankruptcy is the immediately preceding owner.

(i) The immediately preceding former owner must exercise the right to lease all or a portion of the agricultural land or a homestead located on agricultural land in writing within 15 days after an offer to lease under this subdivision is mailed with a receipt of mailing or personally delivered. If election is made to lease only the homestead or a portion of the agricultural land, the portion to be leased must be clearly identified in writing. The immediately preceding former owner must exercise the right to buy the agricultural land, a portion of the agricultural land, or a farm homestead located on agricultural land, in writing, within 65 days after an offer to buy under this subdivision is mailed with a receipt of mailing or is personally delivered. Within ten days after exercising the right to lease or buy by accepting the offer, the immediately preceding owner must fully perform according to the terms of the offer including paying the amounts due. A seller may sell and a lessor may lease the agricultural land or farm homestead subject to this subdivision to the third party in accordance with their lease or purchase agreement if:

(1) the immediately preceding former owner does not accept an offer to lease or buy before the offer terminates; or

(2) the immediately preceding former owner does not perform the obligations of the offer, including paying the amounts due, within ten days after accepting the offer.

(j) A certificate indicating whether or not the property contains agricultural land or a farm homestead that is signed by the county assessor where the property is located and recorded in the office of the county recorder or the registrar of titles where the property is located is prima facie evidence of whether the property is agricultural land or a farm homestead.

(k) As prima facie evidence that an offer to sell or lease agricultural land or a farm homestead has terminated, a receipt of mailing the notice under subdivision 2 and an affidavit, signed by a person authorized to act on behalf of a state, federal agency, or corporation selling or leasing the agricultural land or a farm homestead may be filed in the office of the county recorder or registrar of titles of the county where the agricultural land or farm homestead is located. The affidavit must state that:

(1) notice of an offer to buy or lease the agricultural land or farm homestead was provided to the immediately preceding former owner at a price not higher than the highest price offered by a third party that is acceptable;

(2) the time during which the immediately preceding former owner is required to exercise the right to buy or lease the agricultural land or farm homestead has expired;

(3) the immediately preceding former owner has not exercised the right to buy or lease the agricultural land or farm homestead as provided in this subdivision or has

New language is indicated by underline, deletions by ~~strikeout~~.

accepted an offer and has not fully performed according to the terms of the offer; and

(4) the offer to the immediately preceding former owner has terminated.

(l) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision or to lease or purchase at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor may be extinguished or limited by an express statement signed by the immediately preceding owner that complies with the plain language requirements of section 325G.31. The right may not be extinguished or limited except by:

(1) an express statement in a deed in lieu of foreclosure of the agricultural land;

(2) an express statement in a deed in lieu of a termination of a contract for deed for the agricultural land;

(3) an express statement conveying the right to the state or federal agency or corporation owning the agricultural land that is required to make an offer under this subdivision; however, the preceding former owner may rescind the conveyance by notifying the state or federal agency or corporation in writing within 20 calendar days after signing the express statement;

(4) to cure a title defect, an express statement conveying the right may be made to a person to whom the agricultural land has been transferred by the state or federal agency or corporation; or

(5) an express statement conveying the right to a contract for deed vendee to whom the agricultural land or farm homestead was sold under a contract for deed by the immediately preceding former owner if the express statement and the contract for deed are recorded.

(m) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision may not be assigned or transferred except as provided in paragraph (l), but may be inherited.

(n) An immediately preceding former owner, except a former owner who is actively engaged in farming as defined in section 500.24, subdivision 2, paragraph (a), and who agrees to remain actively engaged in farming on a portion of the agricultural land or farm homestead for at least one year after accepting an offer under this subdivision, may not sell agricultural land acquired by accepting an offer under this subdivision if the arrangement of the sale was negotiated or agreed to prior to the former owner accepting the offer under this subdivision. A person who sells property in violation of this paragraph is liable for damages plus reasonable attorney fees to a person who is damaged by a sale in violation of this paragraph. There is a rebuttable presumption that a sale by an immediately preceding former owner is in violation of this paragraph if the sale takes place within 270 days of the former owner accepting the offer under this subdivision. This paragraph does not apply to a sale by an immediately preceding former owner to the owner's spouse, the owner's parents, the owner's sisters and brothers, the owner's spouse's sisters and brothers, or the owner's children.

New language is indicated by underline, deletions by ~~strikeout~~.

Sec. 74. Minnesota Statutes 1998, section 500.245, subdivision 2, is amended to read:

Subd. 2. **NOTICE OF OFFER.** (a) The state, a federal agency, limited partnership, ~~or a corporation,~~ or limited liability company subject to subdivision 1 must provide a notice of an offer to sell or lease agricultural land substantially as follows, after inserting the appropriate terms within the parentheses:

“NOTICE OF OFFER TO (LEASE, BUY) AGRICULTURAL LAND

TO: (...Immediately preceding former owner...)  
 FROM: (...The state, federal agency, limited partnership, ~~or corporation,~~ or limited liability company subject to subdivision 1...)  
 DATE: (...date notice is mailed or personally delivered...)

(...The state, federal agency, limited partnership, ~~or corporation,~~ or limited liability company...) HAS ACQUIRED THE AGRICULTURAL LAND DESCRIBED BELOW AND HAS RECEIVED AN ACCEPTABLE OFFER TO (LEASE, SELL) THE AGRICULTURAL LAND FROM ANOTHER PARTY. UNDER MINNESOTA STATUTES, SECTION 500.245, SUBDIVISION 1, AN OFFER FROM (...the state, federal agency, limited partnership, ~~or corporation,~~ or limited liability company...) MUST BE MADE TO YOU AT A PRICE NO HIGHER THAN THE HIGHEST OFFER MADE BY ANOTHER PARTY.

THE AGRICULTURAL LAND BEING OFFERED CONTAINS APPROXIMATELY (...approximate number of acres...) ACRES AND IS INFORMALLY DESCRIBED AS FOLLOWS:

(Informal description of the agricultural land being offered that reasonably describes the land. This description does not need to be a legal description.)

(...The state, federal agency, limited partnership, ~~or corporation,~~ or limited liability company...) OFFERS TO (SELL, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE FOR A CASH PRICE OF \$(...cash price or equivalent cash price for lease and lease period, or cash price or equivalent cash price for sale of land...), WHICH IS NOT HIGHER THAN THE PRICE OFFERED BY ANOTHER PARTY. THE PRICE IS OFFERED ON THE FOLLOWING TERMS:

(Terms, if any, of acceptable offer)

IF YOU WANT TO ACCEPT THIS OFFER YOU MUST NOTIFY (...the state, federal agency, limited partnership, ~~or corporation,~~ or limited liability company...) IN WRITING THAT YOU ACCEPT THE OFFER OR SIGN UNDERNEATH THE FOLLOWING PARAGRAPH AND RETURN A COPY OF THIS NOTICE BY (15 for a lease, 65 for a sale) DAYS AFTER THIS NOTICE IS PERSONALLY DELIVERED OR MAILED TO YOU. THE OFFER IN THIS NOTICE TERMINATES ON (...date of termination - 15 days for lease and 65 days for sale after date of mailing or personal delivery...)

New language is indicated by underline, deletions by ~~strikeout~~.

ACCEPTANCE OF OFFER

I ACCEPT THE OFFER TO (BUY, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE AT THE PRICE OFFERED TO ME IN THIS NOTICE. AS PART OF ACCEPTING THIS OFFER I WILL PERFORM ACCORDING TO THE TERMS OF THE OFFER, INCLUDING MAKING PAYMENTS DUE UNDER THE OFFER, WITHIN TEN DAYS AFTER THE DATE I ACCEPT THIS OFFER. I UNDERSTAND THAT NEGOTIATING OR AGREEING TO AN ARRANGEMENT TO SELL THE AGRICULTURAL LAND TO ANOTHER PERSON PRIOR TO ACCEPTING THIS OFFER MAY BE A VIOLATION OF LAW AND I MAY BE LIABLE TO A PERSON DAMAGED BY THE SALE.

.....  
Signature of Former Owner Accepting Offer

.....  
Date"

IMPORTANT NOTICE

ANY ACTION FOR THE RECOVERY OF THE AGRICULTURAL LAND DESCRIBED ABOVE OR ANY ACTION FOR DAMAGES, EXCEPT FOR DAMAGES FOR FRAUD, REGARDING THIS OFFER MUST BE COMMENCED BY A LAWSUIT BEFORE THE EXPIRATION OF THREE YEARS AFTER THIS LAND IS SOLD TO ANOTHER PARTY. UPON FILING A LAWSUIT, YOU MUST ALSO FILE A NOTICE OF LIS PENDENS WITH THE COUNTY RECORDER OR REGISTRAR OF TITLES IN THE COUNTY WHERE THE LAND IS LOCATED.

(b) For an offer to sell, a copy of the purchase agreement containing the price and terms of the highest offer made by a third party that is acceptable to the seller and a signed affidavit by the seller affirming that the purchase agreement is true, accurate, and made in good faith must be included with the notice under this subdivision. At the seller's discretion, reference to the third party's identity may be deleted from the copy of the purchase agreement.

(c) For an offer to lease, a copy of the lease containing the price and terms of the highest offer made by a third party that is acceptable to the lessor and a signed affidavit by the lessor affirming that the lease is true, accurate, and made in good faith must be included with the notice under this subdivision. At the lessor's discretion, reference to the third party's identity may be deleted from the copy of the lease agreement.

(d) The affidavit under paragraphs (b) and (c) is subject to section 609.48.

Sec. 75. SEED POTATOES; CLEARWATER COUNTY.

Notwithstanding the seed potato certification requirements under Minnesota Statutes, section 21.1196, in calendar year 2000, seed potatoes may be planted in Clearwater county without certification if the seed potatoes have had at least field

New language is indicated by underline, deletions by ~~strikeout~~.

inspection as required for certified seed potatoes, have passed the field inspection standards of disease tolerance, and are free from ring rot.

Sec. 76. **EFFECTIVE DATE.**

Section 22 is effective the day following final enactment and applies to claims for corrective action costs incurred after that date. Sections 67 to 74 are effective the day following final enactment.

Presented to the governor May 11, 2000

Signed by the governor May 15, 2000, 10:53 a.m.

---

**CHAPTER 478—S.F.No. 2677**

*An act relating to crime prevention; recodifying the driving while impaired crimes and related provisions; making numerous clarifying, technical, and substantive changes and additions in the pursuit of simplification; imposing criminal penalties; amending Minnesota Statutes 1998, sections 171.305, as amended; and 629.471; Minnesota Statutes 1999 Supplement, sections 260B.171, subdivision 7; 260B.225, subdivision 4; and 609.035, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 169A; repealing Minnesota Statutes 1998, sections 168.042; 169.01, subdivisions 61, 68, 82, 83, 86, 87, 88, and 89; 169.121, subdivisions 1, 1a, 1b, 1d, 2, 3b, 3c, 5, 5a, 5b, 6, 7, 8, 9, 10, 10a, 11, and 12; 169.1211; 169.1215; 169.1216; 169.1217, subdivisions 2, 3, 4, 5, 6, and 8; 169.1218; 169.1219; 169.122, subdivisions 1, 2, 3, and 4; 169.123, subdivisions 2, 2a, 2b, 2c, 3, 4, 5, 5a, 5b, 6, 7, 8, and 10; 169.124; 169.125; 169.126; 169.1261; 169.1265; 169.128; and 169.129, subdivision 3; Minnesota Statutes 1999 Supplement, sections 169.121, subdivisions 1c, 3, 3d, 3f, and 4; 169.1217, subdivisions 1, 7, 7a, and 9; 169.122, subdivision 5; 169.123, subdivisions 1 and 5c; and 169.129, subdivision 1; Minnesota Rules, parts 7409.3700; 7409.3710; 7409.3720; 7409.3730; 7409.3740; 7409.3750; 7409.3760; and 7409.3770.*

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

---

**ARTICLE 1**

**CHAPTER 169A**

**DRIVING WHILE IMPAIRED; CRIMINAL AND  
ADMINISTRATIVE SANCTIONS**

**GENERAL PROVISIONS**

New language is indicated by underline, deletions by ~~strikeout~~.